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**BELLSOUTH** 

Kathleen B. Lavitz
Vice President-Federal Regulatory
August 16, 1999

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# **ORIGINAL**

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AUG 1 6 1999

OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas Secretary Federal Communications Commission The Portals 445 12<sup>th</sup> Street, S.W., Room TWB-204 Washington, D.C. 20554

PEDERAL COMMUNICATIONS COMMISSION

Re: CC Docket No. 96-98

#### Dear Ms. Salas:

The attached letter from Ernest Bush, Assistant Vice-President of BellSouth Telecommunications was sent on August 16, 1999 to Lawrence Strickling, Chief of the Common Carrier Bureau. Copies of the letter were also sent to: Robert Atkinson, Deputy Chief of that Bureau; Carol Mattey, Chief of that Bureau's Policy and Program Planning Division; Jake Jennings of the Policy and Program Planning Division; Dorothy Atwood, Legal Advisor to Chairman Kennard; Linda Kinney, Legal Advisor to Commissioner Ness; Kyle Dixon, Legal Advisor to Commissioner Tristani; and William Bailey, Legal Advisor to Commissioner Furchtgott-Roth.

Please note that we are filing under seal Attachment A and Attachment B of the Bush letter as material "CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER." See Order in CC Docket No. 96-98, DA-99-1536, released August 5, 1999. Subject to the terms of the protective order, parties wishing to review the requested confidential information may do so at the offices of BellSouth D.C., 1133 21st Street, NW, Suite 900, Washington, D.C. 20036.

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In accordance with Section 1.1206(b)(1), I am filing two copies of this notice and that <u>ex parte</u> in the docket identified above. If you have any questions concerning this, please call me at 202.463.4113.

Sincerely,

Katalien & Levitz

Kathleen B. Levitz

Vice President - Federal Regulatory

#### Attachment

cc: Lawrence Strickling Robert Atkinson

Carol Mattey
Jake Jennings

Dorothy Atwood

Linda Kinney Kyle Dixon

Sarah Whitesell

William Bailey



August 16, 1999

Suite 900 1133 21st Street, N.W. Washington, D.C. 20036 (202) 463-4100

Lawrence Strickling-Chief Policy & Program Division Common Carrier Bureau 445 12th Street SW, Room 5-C450 Washington, DC 20554

Dear Mr. Strickling:

Outlined below is BellSouth's proposal for a test to resolve whether dedicated transport elements, including transport elements used to provide special access, qualify for unbundling under section 251(d)(2). As required by the Supreme Court's lowar Utilities Board opinion, the test would mandate unbundling of incumbent LEC transport facilities wherever a transport alternative does not exist and would result in no unbundling mandate where a transport alternative does exists. Where unbundling would not be required, CLECs would be free to negotiate for transport with the alternative provider(s) and the incumbent LEC, which would be free to provide transport pursuant to business reasons rather than regulatory requirements. This letter describes the test, its application and the results of applying it based on BellSouth's currently available data.

## Special Access Facilities

The primary elements used to provide special access service are dedicated transport from wire centers to IXC POPs, "entrance facilities" in special access terms, interoffice transport and end user premises "channel terminations." These facilities are dedicated to providing exchange access service only. The Commission has not yet resolved the issue, currently pending before it, of whether transport network elements used solely to provide access should be subject to the Act's unbundling provisions.<sup>2</sup> As spelled out in a recent BellSouth letter, the Commission has at least the legal authority, if not the duty, to refrain from unbundling dedicated access facilities at present.3

An IXC Point of Presence (POP) is the demarcation point between a local and a long distance network. See 47 C.F.R. § 69.2 (qq).

<sup>3</sup> Letter from William Barfield (BellSouth) to Lawrence Strickling (FCC), Docket No. 96-98, filed August

9, 1999.

Third Order on Reconsideration and Further Notice of Proposed Rulemaking, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, 12 FCC Rcd 12460, 12462, 12494-96 (1997), aff'd sub nom. SBC v. FCC, 153 F. 3d 597 (8th Cir. 1998)("Local Competition Third Order on Reconsideration")(Further NPRM seeks "comment on whether requesting carriers may use dedicated transport facilities to originate or terminate interexchange traffic to customers to whom the requesting carrier does not provide local exchange service").

However, should the Commission elect to apply the Act's unbundling provisions to special access elements, those elements, like any other network element, must meet the requirements of section 251(d)(2) before their unbundling can be mandated. Section 251(d)(2) allows unbundling of non-proprietary elements only if the requesting carrier's ability to "provide the services that it seeks to offer" would be impaired. Carriers seeking to demonstrate that special access facilities should be unbundled must demonstrate that, absent unbundling, their ability to offer the services they seek to offer in this case, the special access services that the facilities are dedicated to providing -- would be impaired.

There is no factual evidence in the record that would suggest that CLECs would be impaired in their ability to offer special access services without a regulatory entitlement to incumbent LEC special access facilities at cost-based prices. Where CLECs have addressed dedicated transport issues, they have limited their cases to the interoffice link between incumbent LEC wire centers. The record is thus bare of support for any finding of impairment on the transport link between POPs and incumbent LEC wire centers.

The absence of factual evidence of impairment should be no surprise because CLECs (and CAPs before them) have been successfully competing in the special access arena for more than a decade without access to unbundled incumbent LEC special access network elements. As ALTS explains, "[b]eginning in the late 1980s, the competitive access providers ("CAPS") began to construct fiber ring facilities in the central business districts of many urban areas in order to supply the IXCs and their customers with alternatives to ILEC provided special access services." The Commission and the market have long recognized that these CAP networks provide alternatives to incumbent LEC facilities. The Commission has been actively encouraging the growth of facilities-based special access competition from CAPs since well before the 1996 Act was passed.

The degree of competition for special access services and the presence of alternative facilities to those of incumbent LECs led ALTS to counsel the Commission that "[i]t is in the switched services that new carriers are finding barriers to entry and bottlenecks that prohibit their growth .... There are not significant issues for new entrants relative to dedicated services."

## Definition of Transport Network Facilities

<sup>5</sup> Daniel Kelly, "Deregulation of Special Access Services: Timing Is Everything," ALTS White Paper, Docket No. 96-262, filed July 25, 1999, at 7.

<sup>7</sup> ALTS Comments, In the Matter of Local Competition Survey, CC Docket No. 91-141, filed June 8, 1998, at 3, 9 (emphasis added).

<sup>4 47</sup> U.S.C. § 251(d)(2)(B).

<sup>&</sup>lt;sup>6</sup> See, In the Matter of Expanded Interconnection with Local Telephone Company Facilities and Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket Nos. 91-141 and 92-222, Report and Order and Notice of Proposed Rulemaking, 7 FCC Rcd 7369, 7451-55 (1992); In the Matter of Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141 (Transport Phase I), Second Report and Order and Third Notice of Proposed Rulemaking, 8 FCC Rcd 7374, 7423-25 (1993).

The Commission has defined dedicated transport as "incumbent LEC transmission facilities dedicated to a particular customer or carrier that provide telecommunications between wire centers owned by incumbent LECs or requesting telecommunications carriers, or between switches owned by incumbent LECs or requesting telecommunications carriers." This definition does not specifically include transport between incumbent LEC wire centers and IXC POPs. Similarly, when Congress defined Bell company obligations to unbundle transport under section 271, it included only switched transport, excluding dedicated (unswitched) transport between incumbent LEC wire centers and IXC POPs. 10

Should the Commission subject special access network elements, including specifically the link between incumbent LEC wire centers and IXC POPs, to analysis under section 251(d)(2), the definition above would have to be amended. The link between the incumbent LEC wire center and an IXC POP should be defined separately from the general definition of local dedicated transport because this link has long been subject to separate regulation by the Commission and the competitive and regulatory environment surrounding it is distinct.

## The Test

BellSouth's proposed test looks to whether CLECs have alternatives to incumbent LEC dedicated transport on particular routes. Consistent with the Supreme Court's order, where an alternative exists, no unbundling of incumbent LEC transport would result.

Incumbent LEC dedicated transport facilities would not be unbundled under section 251:

- (1) between incumbent LEC wire centers in which alternative providers are collocated and which are served by alternative transport facilities, and
- (2) between an incumbent LEC wire center and an IXC POP where an alternative provider is collocated at the incumbent LEC wire center and the wire center is served by alternative transport facilities.

This test provides an accurate and conservative measure of whether a CLEC would be impaired without unbundled incumbent LEC dedicated transport facilities because it

<sup>&</sup>lt;sup>8</sup> 47 C.F.R. § 51.319(d)(1).

The Commission did discuss the unbundled provision of transport to IXC POPs in its Local Competition Order. First Report and Order, Implementation of the Local Competition Provision in the Telecommunications Act, 11 FCC Red 15499, 15718 ¶ 440, vacated in part, Iowa Utilities Board v. FCC, 120 F. 3d 753 (8 Cir. 1997), rev'd in part, aff'd in part sub nom. AT&T Corp. v. Iowa Utilities Bd, 119 S Ct. 721 (1999). However, as set out above, whether dedicated facilities used to provide access, such as transport to IXC POPs, are even subject to the Act's unbundling provisions, is an issue still pending before the Commission. See Local Competition Third Order on Reconsideration.

10 47 U.S.C. § 271(c)(2)(B)(v).

looks to the presence of alternative facilities at particular points, indicating the presence of alternative transport between those points. Interoffice transport between two incumbent LEC wire centers would not be unbundled only if both wire centers were served by alternative facilities and alternative providers were collocated in each office.

Special access entrance facilities providing transport between incumbent LEC wire centers and IXC POPs are broken out separately because whether alternative transport present in an incumbent LEC wire center actually runs to an IXC POP is not information to which the incumbent LECs are privy. However, it is more than reasonable to assume that alternative transport facilities entering an incumbent LEC wire center provide transport to IXC POPs for at least the three reasons set out below. Certainly, there is no record evidence to the contrary.

First, providing links from particular incumbent LEC wire centers to POPs has been a focus of alternative transport construction for over a decade. In its comments, MCI WorldCom explains that "[a]lternative providers have focused their investments on one type of link – the 'entrance facility." These providers have built extensive fiber rings in urban and suburban areas throughout the country. All but admitting that there are substantial alternatives to incumbent facilities linking wire centers and POPs, MCI WorldCom contrasts the availability of alternatives for these entrance facilities with the "very few alternatives" it believes exist for the link between incumbent LEC end offices. <sup>13</sup>

Alternative provider business plans focus on providing links to POPs within an area, regardless of the particular carriers involved, because POPs are nodes where large amounts of traffic and therefore revenue are concentrated. NextLink "design[s] each network to connect the maximal number of businesses, long distance carriers' points of presence and ILEC principal central offices in the area to be served." GST Telecommunications "designs its networks with a ring architecture with connectivity to the ILEC's central offices, POPs of long distance carriers and large concentrations of

14 NextLink Communications, Inc. Form 10-K dated March 29, 1999 at 11.

<sup>11</sup> MCI WorldComm Comments at 64.

<sup>12</sup> As set out in the UNE Fact Report, 46 of the top 50 MSAs have at least 3 alternative fiber providers.
149 of the top 150 MSAs have at least one alternative fiber facility. Nearly 75% of the top 150 MSAs already have 3 CLEC fiber providers; 55% have 4. P. Huber and E. Leo UNE Fact Report, Prepared for Ameritech, Bell Atlantic, BellSouth, GTE, SBC, and US West, attached to the comments of the United States Telephone Association, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, filed May 26, 1999 at Appendix B. No party has taken issue with the accuracy of the UNE Fact Report's city-by-city listing of alternative transport facilities.

<sup>13</sup> Id. ALTS similarly admits that "an investigation of entrance facilities may show that ILECs have lost significant market share in a particular wire center. Daniel Kelly, "Deregulation of Special Access Services: Timing is Everything," ALTS White Paper, Docket No. 96-262, filed June 25, 1999 at 14. ALTS goes on to caution that the competitiveness of the link between wire centers and POPs should not provide a basis for deregulating an entire special access service, including interoffice transport and channel terminations. This simply reinforces the legitimacy of BellSouth's proposed test, because, where satisfied, it would remove only particular links, in this case, the wire center to POP link.

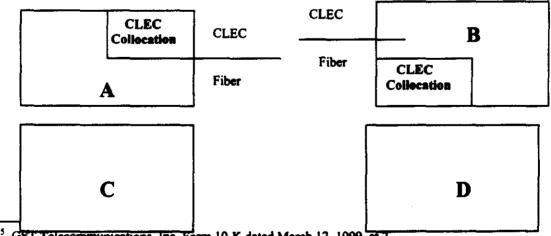
telecommunications intensive end-users." Similarly, ICG's "designs a ring architecture with a view toward making the network accessible to the largest concentration of telecommunications-intensive businesses in a given market.... The Company's networks are constructed to access long distance carriers."16

Second, alternative providers sell transport to and among POPs, demonstrating that their networks link incumbent wire centers with multiple POPs of different carriers. For example, Time Warner Telecom "provides dedicated transport between local exchange carrier central offices and customer designated POPs of an IXC" as well as lines "linking the Points of Presence of one IXC or the POPs of different IXCs in a market, allowing the POPs to exchange transmissions for transport."<sup>17</sup> Similarly, e.spire provides "alternative local access to long distance carrier networks."<sup>18</sup>

Third, IXCs have considerable flexibility to locate and link POPs. This creates the potential for extensive transport networks providing alternatives to incumbent LEC transport. IXCs have acted to more than fulfill this potential by, among other things. deploying substantial numbers of POPs. For example, the Big Three IXCs collectively have established 244 POPs in Atlanta, 302 in S.E. Florida, 57 in Charlotte, NC and 38 in Birmingham, AL. IXCs can provide transport among POPs over their own networks or obtain it through alternative provider services linking POPs, like the POP-to-POP service provided by Time Warner Telecom described immediately above.

The following diagrams illustrate the application of BellSouth's proposed test. The first diagram treats transport between incumbent LEC wire centers. The second treats transport between incumbent LEC wire centers and POPs.

**DIAGRAM 1** TRANSPORT BETWEEN INCUMBENT LEC WIRE CENTERS



<sup>15</sup> GST Telecommunications, Inc. Form 10-K dated March 12, 1999, at 2.

<sup>&</sup>lt;sup>16</sup> ICG Communications, Inc. Form 10-K dated March 31, 1998, at 10.

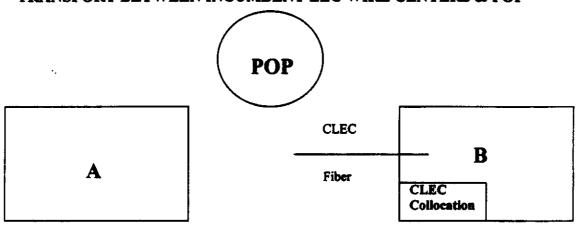
<sup>&</sup>lt;sup>17</sup> Time Warner Telecom LLC Form 10-k dated March 31, 1999 at 6.

<sup>18</sup> E.spire Special Access Service Marketing Information at 1, available at

<sup>&</sup>lt;a href="http://www2.espire.net/products/voice/special\_access.cfm">http://www2.espire.net/products/voice/special\_access.cfm</a>

In the example set out in diagram 1, transport between incumbent wire centers A and B would not be unbundled because alternative facilities exist at the two offices, indicating that alternative transport is available. Transport between wire centers C and D would be unbundled, as there is no current alternative between these points. Transport from C to A and from C to B and from D to A and from D to B would also be unbundled. Thus, a CLEC could obtain unbundled dedicated transport between any wire centers without alternatives and from any wire center without an alternative to any wire center with an alternative provider. Transport between wire centers A and B could be obtained from an alternative provider or from the incumbent LEC, at terms based on competition rather on regulatory mandate.

DIAGRAM 2
TRANSPORT BETWEEN INCUMBENT LEC WIRE CENTERS & POP



In the example set out in diagram 2, unbundled transport would be available from wire center A to the POP because no alternative transport facilities exist. Transport from wire center B to the POP would not be available on an unbundled basis.

## Results Of Applying The Test

In BellSouth's region there are 1,558 wire centers. Attachment A, which contains confidential information and is subject to the protective order entered in this docket, sets out the number of actual and pending alternative transport facilities and the number of actual and pending collocation arrangements in each of BellSouth's wire centers, along with other information. Of BellSouth's wire centers, 302 or 19 percent have at least one actual or pending collocation arrangement and one actual or pending alternative entrance facility. Applying the test set out above, BellSouth's dedicated transport facilities linking these offices to each other and to IXC POPs could not be unbundled under section 251(d).

Eighty-one percent of BellSouth's wire centers do not have alternative transport and collocation. Transport to and from these offices would be unbundled under section 251(d) and provided at cost-based prices. Thus, CLECs could obtain unbundled transport at cost-based prices between these offices as well as between these offices and the 19 percent of BellSouth's wire centers that do have alternative transport facilities and collocation. Transport at cost-based prices would also be available between offices without alternative entrance facilities and collocation and IXC POPs. CLEC would be able to obtain cost-based dedicated transport on any route where no alternative is indicated.

### **Additional Points**

Several additional aspects of BellSouth's proposed test are discussed below.

- 1) The test measures whether section 251(d)(2)'s impair standard is met on a point-to-point basis. All the parties to this proceeding appear to agree that dedicated transport is a point-to-point service that is available or not between particular points.<sup>19</sup>
- 2) The test measures whether an alternative exists in an incumbent LEC wire center based on the presence of alternative transport facilities and collocation. As set out in Attachment A, BellSouth has inventoried actual and pending alternative entrance facilities and collocation in its wire centers. Alternative entrance facilities, whether CLEC, CAP or other, are fiber facilities entering BellSouth wire centers and terminating in a collocation space.<sup>20</sup> These fiber facilities provide an alternative to BellSouth's transport facilities. There are no meaningful time or cost impediments to utilizing these alternative transport facilities.
- 3) Generally, alternative entrance facilities consist of two fiber sheaths, indicating that the provider has a fiber ring or is providing at least some route diversity. The fiber sheaths commonly contain 24 strands of fiber. Depending on the electronics attached, these fiber facilities can carry huge amounts of traffic. Thus, the capacity of these transport alternatives cannot be an issue.
- 4) Alternative fiber facilities entering BellSouth wire centers are being used extensively today to provide transport. Attachment B, which contains

<sup>&</sup>lt;sup>19</sup> See, e.g., AT&T Reply Comments at 130; Covad Comments at 45; BellSouth Comments at 49.

<sup>20</sup> Generally an alternative provider's fiber terminates in its collocation space, but this is not universally true. At times, one provider's fiber terminates in another's collocation space. Alternative providers can and do share collocation space, and may also cross-connect separate collocation space within a wire center. Thus, one provider's fiber facility may serve the transport needs of multiple providers.

confidential information and is subject to the protective order entered in this docket, provides information on actual usage of alternative transport facilities located in BellSouth wire centers. For example, BellSouth provides DS3 loops (channel terminations) between its wire centers and end users. CLECs and other providers can purchase these loops and combine them with their own transport facilities. On a region-wide basis, 27% of these DS3 loops are cross-connected to collocation spaces. Transport for the traffic on these DS3s is currently provided over alternative facilities. In 5 BellSouth LATAs, over 50% of these DS3s are cross connected to collocation spaces. Of course, even these percentages understate the presence of transport alternatives because they do not reflect the significant amounts of special access traffic that simply by-passes the incumbent LEC network altogether.

5) The proposed test assumes that alternative providers will sell transport to one another at wholesale and also interconnect their local networks. Beyond common sense and section 251(a)'s legal requirement of interconnection, the facts show the reasonableness of this assumption. There is substantial evidence that these alternative providers are selling and will sell service to each other. First, the record in this proceeding demonstrates that there is a market for alternative transport today. According to MCI WorldCom's comments filed in this UNE Remand proceeding, MCI WorldCom uses alternative local transport facilities to reach 1,200 incumbent LEC end offices. 1,200 end offices is a very substantial number, sufficient to blanket the nation's top metro areas. Covad uses transport alternatives for more than 15% of its transport needs. 22

In addition to the evidence above concerning alternative provider sales of transport services, Attachment C contains press reports of CLECs providing local transport service and/or capacity to other CLECs. These reports show the following: Metromedia provides local capacity in Dallas, New York City and other large metros across the U.S. to various CLECs including Time Warner, Allegiance, Hyperion and Focal; KMC supplies dedicated local access service to MCI WorldCom in at least 18 markets; Williams supplies Frontier with local fiber ring capacity in at least four cities, and Qwest leases special access facilities from ICG Communications.

Finally, the FCC's 1998 Local Competition Survey bears all this out. That survey reports that alternative providers account for about 14% of the private line and special access service sold to other carriers for resale. This means that a substantial part of the dedicated transport services sold at wholesale are sold by alternative providers.<sup>23</sup>

MCI WorldCom Comments at 64.

<sup>&</sup>lt;sup>22</sup> Covad Comments at Section III.B.

This percentage certainly understates the extent of CLEC alternatives. First, the Commission does not collect from CLECs systematic information that would provide for accurate data. 1998 Local Competition Survey at 3 ("the Commission, however, gathers almost no systematic information from new entrants"). Second, the percentage above does not include self-supply of transport. Third, the percentage is a

6) BellSouth's proposed test also reflects the fact that CAPs and CLECs have been making build/buy decisions on special access elements for over a decade. This has led to substantial investment in competitive transport facilities. Allowing substitution of unbundled network elements under the Commission's prescribed TELRIC methodology for special access will reduce incentives for CLECs to continue constructing these alternative networks.

As set out above, the Commission should not apply section 251(d)'s unbundling provisions to network facilities used to provide special access services. Should the Commission proceed to do so, however, dedicated transport and special access elements can be unbundled under the Act only when the requirements of section 251(d)(2) are met. Where there are alternatives to incumbent LEC transport facilities between particular points, section 251(d)(2)'s impairment standard is not met. BellSouth's proposed test correctly implements section 251(d)(2) by looking directly to the presence of alternatives. Consistent with the 1996 Act and the Supreme Court's opinion, BellSouth's test would provide CLECs access to unbundled dedicated transport and transport to IXC POPs at cost-based prices wherever a transport alternative does not exist.

Sincerely

Ernest L. Bush, Jr. /Ke.

Assistant Vice President

BellSouth Telecommunications

nationwide one, even though CLEC facilities are concentrated in particular local markets. See, e.g., In re Application of Teleport Communications Group, Inc., Transferor, and AT&T Corp., Transferee, for Consent to Transfer Control of Corporation's Holding Point-to-Point Microwave Licenses and Authorizations to Provide International Facilities-Based and Resold Communications Services, CC Docket No. 98-24, Memorandum Opinion and Order, 13 FCC Red 15236, 15257-58 (1998). Thus, far more than 15% of transport sold at wholesale in urban areas comes from alternatives to incumbent LECs.

# ATTACHMENT C

# Search By Keyword: "METROMEDIA"

AboveNet faces suit over merger with Metromedia

2-Jul-1999 -- An "alleged stockholder" of AboveNet Communications has filed a class-action suit to halt the planned buyout of the firm by dark-fiber operator Metromedia Communications, AboveNet said today. The suit claims that AboveNet directors "breached their fiduciary duties to stockholders in approving, subject to stockholder approval, the previously announced merger." AboveNet said it believes the suit is without merit.

Metromedia planning buy of AboveNet

23-Jun-1999 -- New York-based dark-fiber provider Metromedia Fiber Network has agreed to buy Internet networking firm AboveNet Communications of San Jose, Calif. Under terms of the deal, AboveNet shareholders stand to get 1.175 shares of Metromedia stock for each AboveNet share they surrender. Once the deal is done AboveNet shareholders will control about a 16.5 percent stake in Metromedia. AboveNet plans to use capacity along Metromedia networks in the United States and Europe to route Internet traffic.

Metromedia sees partnership with Focal

15-Jun-1999 -- New York City-based dark fiber company Metromedia Fiber Network Inc. today announced the signing of a 20-year agreement valued at a minimum of \$57 million to provide dark fiber to Focal Communications Corp, a Chicago-based CLEC. Under terms of the agreement, Focal will gain access to high-speed, high-bandwidth, local loop infrastructure across all of Metromedia's tier one metropolitan markets in the United States.

Métromedia signs agreement with Bell Atlantic

14-Jun-1999 -- New York City-based dark fiber CLEC firm Metromedia Fiber Network Inc. and RBOC Bell Atlantic this morning announced they have signed an agreement that enables Metromedia to implement dark fiber connectivity within all Bell Atlantic central offices. Under terms of the agreement, Metromedia will install hundreds of dark fibers in Bell Atlantic's central offices, but will not be required to locate the lines in a separate collocation cage. The two companies will initially conduct a trial of the service in five Bell Atlantic central offices in New York City, with plans to offer connections in more than 100 Bell Atlantic facilities in New York City, Philadelphia, Washington, D.C. and Boston.

Metromedia expands in Germany

10-Jun-1999 -- New York-based Metromedia Fiber Network this morning announced plans to expand its local-service operations in Germany with metro area fiber networks in Stuttgart and Cologne. Meanwhile, the carrier says it has begun on its previously announced long-haul network in Germany connecting 13 markets to its Frankfurt intracity system. The construction is being handled through Metromedia's German subsidiary, Metromedia Fiber Network GmbH.

Metromedia in pact with Comdisco

9-Jun-1999 -- New York-based dark-fiber CLEC firm Metromedia Fiber Network has formed an alliance with Comdisco to offer business-continuity services to enterprise customers. In particular, the firms plan to market their combined offerings initially in New York, then expand nationwide.

Metromedia in fiber deal with Lucent

8-Jun-1999 -- Dark-fiber CLEC firm Metromedia Communications has signed a deal with Lucent Technologies topping \$100 million for the deployment of Lucent's TrueWave RS-brand fiber cabling in the United States and Europe. The contract includes Lucent's new AccuRibbon DuctSaver+ design that doubles the capacity of the TrueWave fiber. Metromedia plans to install more than a million fiber miles throughout North American and Europe.

NEXTLINK offers services in nation's captial

2-Jun-1999 -- Bellevue, Wash.,-based CLEC firm NEXTLINK Communications this morning said it has opened for business in the Washington, D.C., metro area. In particular, the carrier is targeting small and mid-sized businesses in the District, as well as in northern Virginia. NEXTLINK plans to grow its Washington network to more than 16,500 fiber miles. Meanwhile, NEXTLINK is providing long-haul service between Washington and New York through an agreement with dark-fiber provider Metromedia Fiber Network.

Metromedia and Williams in capacity deals.

24-May-1999 -- Dark-fiber CLEC firm Metromedia Fiber Network of New York City today announced a pact with long-haul carrier Williams Communications of Tulsa, Okla., for capacity along intercity links connecting Metromedia's city-wide systems in several markets. Meanwhile, Williams has picked Metromedia as its primary vendor of intracity dark fiber in all current and future Tier One markets served by Metromedia. The deal gives Williams immediate access to hundreds of buildings along Metromedia's systems.

Metromedia planning Toronto network

12-May-1999 -- New York-based dark-fiber provider Metromedia Fiber Network today said it plans to deploy network facilities in Toronto. Also, the carrier has signed a series of agreements to lease dark fiber to Canadian telco BCT.TELUS along a transcontinental route.

PSINet turns up dark-fiber link

28-Apr-1999 -- IP-services firm PSINet of Herndon, Va., this morning said it has activated a dark-fiber link stretching between New York City and Washington acquired from Metromedia Fiber Network. The OC-48 link can carry up to 2.4 gigabits per second.

Metromedia expands relationship with Allegiance

19-Apr-1999 -- New York-based dark-fiber firm Metromedia Fiber Network today said it has landed the first customer along its Dallas area network; namely CLEC operator Allegiance Telecom, a carrier based in Dallas. The agreement gives Allegiance connections between 14 central offices. Allegiance already utilizes network capacity from Metromedia in the New York City area.

Metromedia inks pact with Level 3

14-Apr-1999 -- New York-based dark-fiber firm Metromedia Fiber Network has entered into an agreement to supply IP telephony carrier Level 3 Communications with local network capacity in the New York City and Washington areas. Level 3, which is building its own national IP long-haul backbone, has said it intends to offer IP-based competitive local services, as well. Metromedia's deal with Level 3 is pegged at about \$10 million.

Metromedia announces stock split

13-Apr-1999 — New York-based dark-fiber CLEC firm Metromedia Fiber Network Inc. announced this morning that its board of directors has approved a two-for-one stock split of the company's class A and class B shares. The stock dividend is slated to be issued to shareholders of record as of May 3.

Metromedia reports year end results, announces German expansion plans

18-Mar-1999 - New York-based dark-fiber firm Metromedia Fiber Network this morning reported its 1998 revenues hit \$36.4 million, compared to revenues of \$2.5 million during 1997. The carrier's 1998 net income was nearly \$1 million, compared to a net income loss of \$26.3 million during 1997. Meanwhile, Metromedia announced this week that its German subsidiary plans to construct a fiber-optic system in Frankfurt's banking and brokerage district. The network will be Metromedia's first intracity network in a major European market.

Metromedia, Time Warner Telecom reach pact

9-Mar-1999 -- Dark fiber CLEC firm Metromedia Fiber Network says it has signed a 20-year agreement to lease fiber-optic capacity stretching into New York and New Jersey to CLEC operator Time Warner Telecom. Officials at Time Warner Telecom say they plan to begin offering local, LD

BW1196 JUN 15,1999

6:02 PACIFIC

09:02 EASTERN

## (BW)(NY-METROMEDIA-FIBER-NTWK)(MFNX) Metromedia Fiber Network Announces \$57 Million Dark Fiber Contract with Focal Communications Corporation

**Business Editors** 

NEW YORK--(BUSINESS WIRE)--June 15, 1999--Metromedia Fiber Network, Inc. (NASDAQ:MFNX) today announced the signing of a 20-year agreement valued at a minimum of \$57 million to provide dark fiber to Focal Communications Corporation (Focal). Under the terms of the agreement, Focal will gain access to high-speed, highbandwidth, local loop infrastructure across all of Metromedia Fiber Network's Tier One metropolitan area markets in the United States.

Focal, a competitive local exchange carrier (CLEC), has recently announced key initiatives to expand its business strategy. Metromedia Fiber Network's dedicated fiber-optic infrastructure will enable Focal to cost-effectively control a

portion of its transport capacity while meeting increasing traffic levels and customer demand.

"Securing dark fiber transport capacity from Metromedia Fiber Network is an important component of our business strategy expansion," said Robert Taylor, president and chief executive officer of Focal. "MFN's fiber connects directly into key customer buildings and central offices allowing us to capitalize on our relationships with existing and potential customers by providing them with the latest in data, voice and colocation services."

This contract with Focal is further evidence of the critical role that Metromedia Fiber Network is playing in the development of the competitive communications market nationwide," stated Howard Finkelstein, president of Metromedia Fiber Network. "Their decision showcases the appeal of our high-bandwidth, unmetered dark fiber solution as an alternative to the incumbent's local network."

About Metromedia Fiber Network

Metromedia Fiber Network is building metropolitan fiber optic infrastructure in the local loop in strategic Tier One markets, enabling technologically sophisticated organizations to implement the latest data, video, Internet and multimedia applications. By offering virtually unlimited, unmetered bandwidth at a fixed cost, Metromedia Fiber Network is eliminating the bandwidth barrier and redefining the way broadband capacity is sold. Utilizing Metromedia Fiber Network's infrastructure, customers are able to rapidly deploy state-of-the-art optical networks. Communications carriers and Internet Service Providers gain local loop connectivity to the most highly populated metropolitan areas. Corporate and government customers benefit from private building-to-building networks featuring the fastest transmission speeds available and the highest levels of reliability and security. For more information about Metromedia Fiber Network, please visit the company's Web site at www.mmfn.com.

This news release contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such risks and uncertainties include, but are not limited to, general economic and business conditions, competition, changes in technology and methods of marketing, and various other factors beyond the Company's control. This also includes such factors as described from time to time in the SEC reports filed by Metromedia Fiber Network,

including the most recently filed Forms 10-K. and 10Q.

About Focal Communications Corporation

Focal Communications Corporation, headquartered in Chicago, is a facilities-based communications provider that offers data, voice and colocation services to large corporations, Internet service providers and value-added resellers. Focal currently services 12 large, metropolitan markets and has announced plans to deploy service in a total of 20 markets nationwide by the end of year 2000, encompassing 50 metropolitan statistical areas.

Additional information is available on Focal's Web site at www.focal.com.

The foregoing discussion regarding Focal Communications Corporation contains forward-looking statements. Focal's future performance is subject to numerous risks and uncertainties that could cause actual results to deviate substantially from those discussed in these forward-looking statements. Factors that could impact future results include but are not limited to: successful execution of Focal's expansion activities into new geographic markets on a timely and costeffective basis; the successful introduction and expansion of voice and data service offerings on a timely and costeffective basis; the pace at which new competitors enter Focal's existing and planned markets; competitive responses of other carriers; execution of interconnection agreements with incumbent local exchange carriers on terms satisfactory to Focal; acceptance of the Focal's services by new and existing customers; Focal's ability to raise sufficient capital on acceptable terms and on a timely basis; the outcome of legal and regulatory proceedings regarding reciprocal compensation for Internet-related calls; the ability to attract and retain talented employees; effective management of administrative, technical and operational issues presented by Focal's expansion plans; our ability to address successfully Year 2000 remediation issues and Focal's ability to successfully access markets, install switching electronics, and obtain the use of fiber transport facilities and any required governmental authorizations, franchises and permits, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as regulatory, legislative and judicial developments that could cause actual results to differ materially from the future results indicated, expressed or implied, in such forward-looking statements. Investors are directed to examine Focal's SEC filings, which more fully describe the risks and uncertainties associated with Focal's business.

BW0144 APR 19,1999

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# (BW)(NY-METROMEDIA-FIBER-NTWK)(MFNX) Metromedia Fiber Network Announces First Dalias Customer—

Business & Hi-Tech Editors

NEW YORK--(BUSINESS WIRE)--April 19, 1999--

Allegiance Telecom to Take Advantage of Fiber Optic Infrastructure throughout Metropolitan Area

Metromedia Fiber Network, Inc. (NASDAQ:MFNX) today announced that Allegiance Telecom (NASDAQ:ALGX) will become the first customer to take advantage of the company's Southwest local loop infrastructure. This contract represents Metromedia Fiber Network's second dark fiber lease agreement with Allegiance Telecom. Previously, the company announced it would provide Allegiance with dark fiber infrastructure in the New York metropolitan area.

Metromedia Fiber Network constructs high-bandwidth fiber optic networks in major Tier One metropolitan areas, providing an alternative local loop infrastructure to CLECs and other communications carriers. Metromedia Fiber Network will provide Allegiance a ring-based network, connecting fourteen major central offices as well as key centers of business, finance and technology spanning the Dallas metropolitan area, including Richardson, Farmers Branch and Irving, Texas. Utilizing Metromedia Fiber Network's dedicated infrastructure, Allegiance can serve its customers in the Dallas County region using a one hundred percent private fiber-based network that is fast, reliable, secure and capable of supporting the most advanced telecommunications technologies available today.

"Dallas County is one of the fastest growing markets in Texas, attracting a number of new high-tech and information dependent finance and service organizations, and driving increased demand for complex communications services," said Howard Finkelstein, president of Metromedia Fiber Network. "By leasing dedicated dark fiber networks in the local loop, we are enabling the exciting new breed of telecommunications carriers like Allegiance Telecom to access these burgeoning telecommunications markets rapidly and cost-effectively. We're pleased that Allegiance has become a second-time customer and thrilled to announce them as the first CLEC to take advantage of our Dallas infrastructure." - more - Page 2 MFN/Allegiance Telecom Release

#### About Allegiance Telecom

Allegiance is a facilities-based competitive local exchange carrier headquartered in Dallas, Texas. The Company's web address is www.allegiance.com. Allegiance's common stock is traded on the NASDAQ National Market under the symbol ALGX.

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BW0168 JUN 14,1999

5:43 PACIFIC

08:43 EASTERN

# (BW)(NY-METROMEDIA-FIBER-NTWK)(MFNX) Bell Atlantic and Metromedia Fiber Network Reach Landmark Agreement to Facilitate Fiber Distribution in Bell Atlantic Central Offices

**Business & Hi-Tech Editors** 

NEW YORK--(BUSINESS WIRE)--June 14, 1999--

Agreement Will Provide CLEC Customers with Rapid and Cost-Effective Dark Fiber Connectivity Inside Bell Atlantic Central Offices

Metromedia Fiber Network, Inc. (NASDAQ: MFNX) and Bell Atlantic (NYSE: BEL) have signed an unprecedented agreement that enables Metromedia Fiber Network (MFN) to implement dark fiber connectivity within all Bell Atlantic central offices.

This industry-first accord provides a fast, efficient way for competitive local exchange carriers (CLECs) to enter the local telecommunications market by allowing these CLECs to utilize MFN's

fiber to connect directly to Bell Atlantic's network or another CLEC's network.

Under the agreement, Metromedia Fiber Network will install hundreds of 'dark fibers' in Bell Atlantic's equipment buildings (central offices or COs) but will not be required to locate the lines in a separate area known as a collocation cage or space. Dark fibers are fiber optic strands that provide virtually unlimited bandwidth for the transmission of data, video, voice and multi-media communications services.

This innovative arrangement, jointly developed by Metromedia Fiber Network and Bell Atlantic, is a first between a regional Bell company and a fiber provider. Never before has a non-incumbent local exchange carrier been able to deploy an inventory of fiber lines in an incumbent's CO without having to lease a collocation cage or space. MFN will now be able to pull a single, high-capacity cable to a universally accessible distribution point within Bell Atlantic's portion of a central office and sell the lines directly and efficiently to CLECs and other carrier customers.

Bell Atlantic and Metromedia Fiber Network will conduct an initial trial of the service in five Bell Atlantic central offices in New York City. Upon successful completion of the trial, MFN plans to offer connections in more than 100 Bell Atlantic COs in New York, Philadelphia, Washington, D.C. and Boston as well as in key COs and tandem switching centers within the Boston to Washington, D.C. corridor. MFN also plans to eventually expand fiber optic infrastructure availability in other central offices in Bell Atlantic's region.

"We're extremely excited by this agreement with Bell Atlantic," said Howard Finkelstein, president of Metromedia Fiber Network. "It creates a framework that complements Metromedia Fiber Network's business strategy of becoming the infrastructure provider of choice for CLECs, DSL providers, ISPs and other carriers competing in the dynamic communications marketplace.

"The scope of the new opportunity is significant because of what it has created for carrier customers and because it creates a model for the creation of fiber connectivity to central offices

throughout the country," added Finkelstein.

With Metromedia Fiber Network's high fiber count optical infrastructure available in key central offices, CLECs will gain immediate, unrestricted and unmetered bandwidth connectivity in these vital communications centers, further increasing time to market and cost advantages.

According to Jack Goldberg, president of Bell Atlantic's Telecom Industry Services, "the innovative service enables fiber providers to quickly and cost effectively compete with Bell Atlantic

to provide connections between central offices known as interoffice transport facilities.

"Our negotiations with Metromedia Fiber Network have resulted in an original solution that can serve as the foundation for direct fiber connectivity in Bell Atlantic central offices," said Goldberg. "This will not only provide more options for CLECs entering the market, but it will further promote

the development and availability of cutting-edge communications packages that combine voice, video and data services."

Finkelstein said: "Our thanks go to the FCC as well as the New York State Public Service Commission and Bell Atlantic for working with us to make this agreement possible. The creative framework to which Bell Atlantic and Metromedia Fiber Network agreed was the result of over one year of steady negotiations and indicates a true commitment to increasing the competitive landscape of communications in the region."

#### About Bell Atlantic

Bell Atlantic is at the forefront of the new communications and information industry. With 43 million telephone access lines and nine million wireless customers worldwide, Bell Atlantic companies are premier providers of advanced wireline voice and data services, market leaders in wireless services and the world's largest publishers of directory information. Bell Atlantic companies are also among the world's largest investors in high-growth global communications markets, with operations and investments in 23 countries.

#### Internet Users:

Bell Atlantic news releases, executive speeches, news media contacts and other useful information are available at Bell Atlantic's News Center on the World Wide Web (<a href="http://www.ba.com">http://www.ba.com</a>). To receive news releases by email, visit the News Center and register for personalized automatic delivery of Bell Atlantic news releases.

#### About Metromedia Fiber Network

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Bell Atlantic

# Bell Atlantic and Metromedia Fiber Network Reach Landmark Agreement to Facilitate Fib.. Page 3 of 3

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KEYWORD: NEW YORK
INDUSTRY KEYWORD: COMPUTERS/ELECTRONICS COMED TELECOMMUNICATIONS
INTERACTIVE/MULTIMEDIA/INTERNET BANKING

BW1156 MAY 24,1999

5:49 PACIFIC

08:49 EASTERN

# (BW)(NY-METROMEDIA-FIBER-NTWK)(MFNX) Metromedia Fiber Network Creates Coast-to-Coast Optical Network Virtually Overnight

**Business and Technology Editors** 

NEW YORK--(BUSINESS WIRE)--May 24, 1999--Metromedia Fiber Network, Inc. (NASDAQ:MFNX) today announced the creation of a nationwide fiber optic network connecting the company's current and planned Tier One metropolitan areas.

The company leveraged its local fiber optic infrastructure in an alliance with Williams Communications Group, Inc. to create a diverse coast-to-coast network. The transactions with Williams, combined with previously announced infrastructure agreements, bring Metromedia Fiber Network's total intercity infrastructure to more than 18,000 route miles.

The company also announced that Williams chose Metromedia Fiber Network as a primary intracity dark fiber provider in all of MFN's current Tier One metropolitan areas as well as several future MFN markets nationwide. Through Metromedia Fiber Network's broad metropolitan area reach, Williams will gain direct dark fiber access to hundreds of strategic buildings in these markets.

The transactions, which are subject to completion and execution of definitive agreements, include dark fiber leases and maintenance components valued at more than \$230 million to each party, as well as

a component for an as yet to be determined amount of co-location space. In addition, Williams has agreed to lease direct dark fiber connections to at least 250 buildings for a minimum of \$87 million. The transactions extend over a 20-year term.

"This state-of-the-art national telecommunications network is a perfect complement to our proven strategy of building out high-capacity optical networks in major metropolitan markets," said Howard Finkelstein, president of Metromedia Fiber Network. "Our alliance with Williams enables us to take another major step in our mission to solve the bandwidth scarcity problem. Customers with multiple locations can now benefit from secure, reliable and fast building-to-building connections, whether those buildings are across the street or across the country."

Similarly, Williams is able to optimize its own intercity infrastructure by taking advantage of Metromedia Fiber Network's extensive metropolitan area networks to provide its customers with end-to-end capacity. Moreover, Metromedia Fiber Network will provide Williams with direct dark fiber connectivity to numerous buildings in the company's local markets through its Optical Access Ramps (OARs) that connect Metromedia Fiber Network's supertrunk fiber backbone into specific building locations. These OARs enable pure photonic transmission of voice, data and video that far surpasses transmission over existing phone lines in terms of speed and clarity.

"These agreements set the stage for a long-term, strategic relationship for our two companies and perfectly complement our wholesale capacity focus. Some of our carrier customers, in fact, already have local connectivity through Metromedia Fiber Network," observed Howard E. Janzen, president and CEO of Williams Communications. "The alliance leverages the competencies of Williams in building and operating a long-haul, nationwide broadband network with MFN's expertise in constructing metropolitan area networks and accessing buildings."

About Williams (NYSE:WMB)

Williams, through its subsidiaries, provides a full range of communications and energy services. Williams Communications owns and operates a nationwide fiber-optic network, sells, installs and maintains communications equipment and provides other services throughout the United States and Canada. Williams information is available at www.williams.com.

About Metromedia Fiber Network

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KEYWORD: NEW YORK

INDUSTRY KEYWORD: COMPUTERS/ELECTRONICS COMED TELECOMMUNICATIONS

INTERACTIVE/MULTIMEDIA/INTERNET GOVERNMENT BANKING PRODUCT

EW1096 APR 14,1999

5:08 PACIFIC

08:08 EASTERN

(BW)(NY-METROMEDIA-FIBER/LEVEL-3)(MFNX)(LVLT) Metromedia Fiber Network to Provide Level 3 Communications with High-Capacity Local Loop Connections in the New York and Washington, D.C. Metropolitan Areas

## Business/Technology Editors

NEW YORK--(BUSINESS WIRE)--April 14, 1999--Metromedia Fiber Network, Inc. (Nasdaq:MFNX) today announced the signing of a contract to provide Level 3 Communications, Inc. (Nasdaq:LVLT) with local loop infrastructure in the New York and Washington, D.C. metropolitan areas. As Metromedia Fiber Network's newest dark fiber carrier customer, Level 3 will lease high-speed, high-bandwidth optical infrastructure enabling it to access these markets quickly and cost-effectively. The agreement is valued at approximately \$10 million and specific terms were not disclosed.

"Metromedia Fiber Network continues to play a critical role in bringing the benefits of high-speed, high-capacity optical networks to the local loop," said Howard Finkelstein, president of Metromedia Fiber Network. "Because the traditional ILEC networks are so bandwidth prohibitive, Level 3 and other major carriers continue to seek more cost effective methods when accessing major metropolitan areas. Utilizing our dark fiber infrastructure allows carriers to accomplish this and access Tier One markets faster."

Metromedia Fiber Network is constructing high-bandwidth fiber optic networks in major Tier One markets, providing an alternative method of access in the local loop for communications carriers of all kinds. Metromedia Fiber Network's dark fiber infrastructure is capable of supporting various advanced communications technologies that enable customers to deploy the most advanced data, video, multimedia and Internet applications. In addition, the dark fiber network can support various switching technologies including Asynchronous Transfer Mode (ATM), Voice over IP, Synchronous Optical Network (SONET), gigabit Ethernet and Internet Protocol (IP).

Level 3 is building the first international network optimized for Internet Protocol technology. The Level 3 multi-conduit network will combine both local and long distance networks, connecting customers end-to-end across the U.S. and in Europe and Asia. By leasing fiber infrastructure from Metromedia Fiber Network, Level 3 can enter key local markets more rapidly, extending the reach of its existing and future facilities-based optical network throughout the New York/New Jersey and Washington D.C. regions.

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KEYWORD: NEW YORK

INDUSTRY KEYWORD: COMPUTERS/ELECTRONICS COMED TELECOMMUNICATIONS

INTERACTIVE/MULTIMEDIA/INTERNET

BW1096 APR 14,1999

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(BW)(NY-METROMEDIA-FIBER/LEVEL-3)(MFNX)(LVLT) Metromedia Fiber Network to Provide Level 3 Communications with High-Capacity Local Loop Connections in the New York and Washington, D.C. Metropolitan Areas

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KEYWORD: NEW YORK

INDUSTRY KEYWORD: COMPUTERS/ELECTRONICS COMED TELECOMMUNICATIONS INTERACTIVE/MULTIMEDIA/INTERNET

07/20/1999

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14:42 PACIFIC

17:42 EASTERN

# (BW)(NY-METROMEDIA-FIBER)(MFNX) Metromedia Fiber Network to Provide Time Warner Telecom with Dark Fiber Network in New York Metropolitan Area

**Business Editors** 

NEW YORK--(BUSINESS WIRE)--March 8, 1999--Metromedia Fiber Network, Inc. (NASDAQ:MFNX) today announced the addition of Time Warner Telecom as its newest carrier customer. Metromedia Fiber Network will provide Time Warner Telecom with high-speed, high-capacity dark fiber infrastructure in New York City and the New Jersey metropolitan area for a period of 20 years. Time Warner Telecom is in the process of launching its local telephone service for business customers in this region. Other terms of the agreement were not disclosed.

Metromedia Fiber Network is currently constructing high-bandwidth fiber optic networks in Tier One markets, providing an alternative infrastructure to CLECs and other communications carriers wishing to provide local telephone service for business and residential customers. The dark fiber infrastructure is capable of supporting various communications technologies, including SONET, ATM and Voice over IP, and provides carriers flexibility when determining how to best meet their subscribers' needs. By utilizing Metromedia Fiber Network's infrastructure, Time Warner Telecom can extend the reach of its existing facilities-based fiber network for serving medium to large businesses in the New York and New Jersey metropolitan area. Time Warner Telecom provides dedicated transport, long distance, high-speed dedicated Internet access and switched services.

"Metromedia Fiber Network continues to play a critical role in bringing the benefits of competition to the local loop," said Howard Finkelstein, president of Metromedia Fiber Network. "Time Warner Telecom's decision to use our dark fiber infrastructure further demonstrates the inherent value of dark fiber as an alternative to traditional incumbent networks. We're pleased to add them to our growing list of telecommunications carrier customers."

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INDUSTRY KEYWORD: TELECOMMUNICATIONS COMED